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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE DETERMINATION OF
A HOOK-UP MORATORIUM FOR MIRACLE
VALLEY WATER COMPANY, COCHISE
WATER COMPANY, HORSESHOE RANCH
WATER COMPANY, CRYSTAL WATER
COMPANY, MUSTANG WATER COMPANY,
CORONADO ESTATES WATER COMPANY
AND SIERRA SUNSET WATER COMPANY,
OWNED BY JOHNNY A. MCLAIN.

DOCKET NO. W-01646A-05-0509
DOCKET NO. W-01868A-05-0509
DOCKET NO. W-02235A-05-0509
DOCKET NO. W-02316A-05-0509
DOCKET NO. W-02230A-05-0509
DOCKET NO. W-01629A-05-0509
DOCKET NO. W-02240A-05-0509

PROCEDURAL ORDER

BY THE COMMISSION:

The Arizona Corporation Commission ("Commission") directed its Utilities Division Staff ("Staff") to open the above-captioned matter to determine the feasibility of a hook-up moratorium for the seven McLain water systems ("Companies") listed above.

On July 14, 2005, Staff filed a Motion to Open Docket and Request for Procedural Conference.

By Procedural Order issued August 2, 2005, a procedural conference was scheduled for August 15, 2005.

On August 5, 2005, Staff filed a Staff Report recommending that the Commission issue a hook-up moratorium.

On August 15, 2005, a Procedural Conference convened to establish procedural guidelines. Staff requested a hearing as soon as possible. On August 23, 2005, the parties participated in a joint teleconference to discuss issues related to notice and location of the hearing.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

1 IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall
2 commence on **September 15, 2005, at 10:00 a.m.**, or as soon thereafter as is practical, at the
3 Windermere Hotel, 2047 S. Highway 92, Sierra Vista, Arizona 85635.

4 IT IS FURTHER ORDERED that due to the exigent circumstances surrounding this matter,
5 any testimony and associated exhibits to be presented at hearing on behalf of intervenors may be
6 presented at the hearing.

7 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
8 except that all motions to intervene must either be filed before or made orally at the commencement
9 of the hearing.

10 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
11 this matter, in the following form and style:

12 **PUBLIC NOTICE OF HEARING ON THE**
13 **DETERMINATION OF A HOOK-UP MORATORIUM FOR**
14 **MIRACLE VALLEY WATER COMPANY,**
15 **COCHISE WATER COMPANY,**
16 **HORSESHOE RANCH WATER COMPANY,**
17 **CRYSTAL WATER COMPANY,**
18 **MUSTANG WATER COMPANY,**
19 **CORONADO ESTATES WATER COMPANY AND**
20 **SIERRA SUNSET WATER COMPANY**
21 **Docket Nos. W-01646A-05-0509 ET AL.**

22 The Arizona Corporation Commission has directed its Staff to open a docket to
23 determine the feasibility of a hook-up moratorium for the following seven water
24 systems: Miracle Valley Water Company, Cochise Water Company, Horseshoe Ranch
25 Water Company, Crystal Water Company, Mustang Water Company, Coronado
26 Estates Water Company and Sierra Sunset Water Company. The seven systems have
27 been experiencing more frequent and severe service outages. On August 5, 2005,
28 Commission Staff filed a Staff Report that recommends the Commission impose a
hook-up moratorium for each of the seven systems. If approved, a moratorium would
prevent the addition of new service hook-ups during the period the moratorium is in
effect. A copy of the Staff Report is available at the Commission's offices in the
Docket Control Center for public inspection during regular business hours. A copy is
also available on the Commission's website www.cc.state.az.us.

The Commission will hold a public hearing on this matter beginning
September 15, 2005, at 10:00 a.m. at the Windermere Hotel, 2047 S. Highway 92,
Sierra Vista, Arizona 85635. Public comments will be taken at the beginning of the
hearing.

The law provides for an open public hearing at which, under appropriate
circumstances, interested parties may intervene. Intervention shall be permitted to any
person entitled by law to intervene and having a direct and substantial interest in the

1 matter. Persons desiring to intervene may file a written motion to intervene with the
2 Commission prior to the hearing, or may make such motion orally at the
3 commencement of the hearing. If a written motion to intervene is filed, it must be sent
4 to the Company or its counsel and to all parties of record, and must contain the
5 following:

- 6 1. The name, address, and telephone number of the proposed intervenor
7 and of any party upon whom service of documents is to be made if
8 different from the intervenor.
- 9 2. A short statement of the proposed intervenor's interest in the
10 proceeding (e.g., a customer of the Company, a shareholder of the
11 Company, etc.).
- 12 3. A statement certifying that a copy of the motion to intervene has been
13 mailed to the Company or its counsel and to all parties of record in the
14 case.

15 The granting of intervention, among other things, entitles a party to present
16 sworn evidence at the hearing and to cross-examine other witnesses. However, failure
17 to intervene will not preclude any interested person or entity from appearing at the
18 hearing and providing public comment on the application or from filing written
19 comments in the record of the case. You will not receive any further notice of this
20 proceeding unless you request it.

21 If you wish to make written comments objecting to, or supporting the
22 Moratorium. Mail them to:

23 Arizona Corporation Commission
24 Attention Docket Control
25 Re: Miracle Valley Water Company et al.
26 W-01646A-05-0509
27 1200 W. Washington Street
28 Phoenix, Arizona 85007

If you have any questions about this application, or want further information
on intervention, you may contact the Consumer Services Section of the Commission at
1200 W. Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission
to its public meetings. Persons with a disability may request a reasonable
accommodation such as a sign language interpreter, as well as request this document
in an alternative format, by contacting the ADA Coordinator, Linda Hogan, at
LHogan@azcc.gov, voice phone number 602/542-3931. Requests should be made as
early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that the Companies shall mail to each of their customers a copy
of the above notice by August 31, 2005.

IT IS FURTHER ORDERED that the Companies shall have a copy of the notice published in
a newspaper of general circulation within their service areas by August 31, 2005, and disseminate the
notice in any other manner that would increase public awareness.

1 IT IS FURTHER ORDERED that the Companies shall file certification of mailing and
2 publication as soon as practicable after the mailing/publication has been completed.

3 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and
4 publication of same, notwithstanding the failure of an individual customer to read or receive the
5 notice.

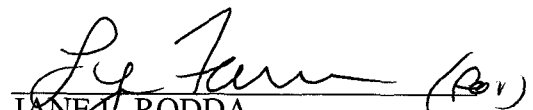
6 IT IS FURTHER ORDERED that Staff shall post a copy of its Staff Report on the
7 Commission's website as soon as possible.

8 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
9 Communications) applies to this proceeding and shall remain in effect until the Commission's
10 Decision in this matter is final and non-appealable.

11 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
12 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

13 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
14 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

15 DATED this 24 day of August, 2005.

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18 
JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing mailed
20 this 24 day of August, 2005 to:

21 Tim Edwards
22 Arizona Small Utility Association
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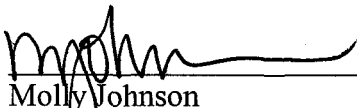
4 Denise Faulk, Esq.
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11 Christopher Kempley, Chief Counsel
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13 ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
15 Phoenix, AZ 85007

16 Mr. Ernest Johnson, Director
17 Utilities Division
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21 Arizona Reporting Service, Inc.
22 2627 N. Third Street, Suite Three
23 Phoenix, Arizona 85004-1103

24 By: 
25 Molly Johnson
26 Secretary to Jane L. Rodda
27
28